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7 Attorneys for Complainant

8 BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT
9 OF THE STATE OF CALIFORNIA

11 In the Matter of:)	CRMLA LICENSE NO.: 413-1241
)	
12 THE COMMISSIONER OF BUSINESS)	ACCUSATION TO REVOKE
13 OVERSIGHT,)	RESIDENTIAL MORTGAGE LENDER
)	LICENSE PURSUANT TO FINANCIAL
)	CODE SECTION 50327
14 Complainant,)	
)	
15 v.)	
)	
16 AMERIPRO FUNDING, INC., d.b.a.)	
17 AMERIPRO HOME LOANS, a.k.a. HELLO)	
18 MORTGAGE, INC.,)	
)	
19 Respondent.)	
)	

21 The Complainant, the Commissioner of Business Oversight (Commissioner) of the
22 Department of Business Oversight (Department), is informed and believes, and based upon such
23 information and belief, alleges and charges Respondent as follows:
24

25 **I.**
26 **Introduction**

27 1. AmeriPro Funding, Inc., d.b.a. AmeriPro Home Loans, a.k.a. Hello Mortgage, Inc.
28 (AmeriPro) is at all relevant times a residential mortgage lender originally licensed on or around

1 January 7, 2014 by the Commissioner pursuant to the California Residential Mortgage Lending Act,
2 Fin. Code, § 50000 *et seq.* (CRMLA).

3 2. At all relevant times herein, AmeriPro is a Texas corporation originally incorporated
4 on or around February 4, 2003 with a principal place of business located at 8300 North Mopac
5 Expressway, #120, Austin, Texas 78759. Its last known address is located at 8951 Collin
6 McKinney Parkway, Suite 104, McKinney, Texas 75070.

7 **II.**
8 **CRMLA Violations**

9 3. On or around December 15, 2017, the Commissioner commenced a regulatory
10 examination of the books and records of AmeriPro pursuant to Section 50302 of the CRMLA (2017
11 Regulatory Exam).

12 4. The 2017 Regulatory Exam disclosed that on or around March 19, 2012, AmeriPro
13 entered into a subservicing agreement with Cenlar FSB (Subservicing Agreement). The
14 Subservicing Agreement provided that AmeriPro, as “Owner/Servicer,” owned the right to service
15 mortgage loans, and Cenlar FSB, as “Subservicer,” shall subservice the mortgage loans on a
16 “Private Label basis,” which meant, in summary:

17 [A]ll communications and documentation provided to Mortgagors under
18 this Agreement shall contain (and/or refer to) the name of Owner/Servicer
19 . . . as if services hereunder are being provided directly by
20 Owner/Servicer. There shall be no reference to Subservicer or any other
21 entities, provided, however, that where Applicable Requirements require
22 that Subservicer disclose its name, Subservicer may orally identify itself,
23 or display its name in the least conspicuous manner permitted by such
24 Applicable Requirements. Owner/Servicer authorizes Subservicer to use
25 Owner/Servicer’s logo, letterhead, service marks and trademarks to
26 perform the services hereunder and shall display same pursuant to
27 Owner/Servicer’s written directions and guidelines

28 5. The Subservicing Agreement defined “Applicable Requirements” as including “all
obligations of Owner/Servicer related to the servicing of a Mortgage Loan (other than the obligation
to make P&I Advances or Servicing Advances) including without limitation those contractual
obligations of Owner/Servicer or Subservicer contained in this Agreement or in the Mortgage Loans
for which Owner/Servicer is responsible”

1 6. The Subservicing Agreement provided that before the Subservicer begins
2 subservicing the mortgage loan, “Owner/Servicer shall mail, or cause to be mailed, the approved
3 form of notification to the Mortgagors of the transfer of the servicing responsibilities for the related
4 Mortgage Loans. The expense of the preparation, printing and mailing of such notices shall be
5 borne by Owner/Servicer”

6 7. The Subservicing Agreement further provided that “Owner/Servicer, and not
7 Subservicer, shall be entitled to all amounts paid or allowed from time to time by the FNMA,
8 FHLMC, HUD, FHA, VA, private mortgage insurer and any Investor as applicable, for engaging in
9 Loss Mitigation either directly or through Subservicer”

10 8. On or around August 12, 2014, AmeriPro submitted to the Commissioner an
11 application to engage in the business of servicing residential mortgage loans in California pursuant
12 to Financial Code section 50002 (Application). However, AmeriPro did not submit all the required
13 documentation related to its loss mitigation policies and procedures through the Nationwide
14 Mortgage Licensing System and Registry (NMLS) as required. On or around August 8, 2017, the
15 Department notified AmeriPro of the deficiency in its Application by creating a license item on
16 NMLS.

17 9. To date, AmeriPro has not responded to the license item to complete the Application
18 process. Thus, the Commissioner has not approved AmeriPro’s Application to engage in the
19 business of servicing residential mortgage loans in California pursuant to Financial Code section
20 50002.

21 10. Despite AmeriPro’s lack of a license to engage in the business of servicing
22 residential mortgage loans in California, the 2017 Regulatory Exam disclosed that as of September
23 30, 2017, AmeriPro serviced at least six loans in California that were owned by FHA pursuant to
24 the Subservicing Agreement with Cenlar FSB. Documents pertaining to four of the six serviced
25 loans showed that each of the four borrowers had made approximately four to six payments.

26 11. AmeriPro reported in its annual report for fiscal year 2015 filed with the
27 Commissioner pursuant to Financial Code section 50401, subdivision (a), that it had serviced 53
28 California loans in 2015. AmeriPro reported in its annual report filed for fiscal year 2016 that it had

1 serviced 48 California loans in 2016. Furthermore, AmeriPro’s audited financial statements for
2 2016 disclosed “Loan servicing fees” representing “revenue earned for servicing loans for various
3 investors . . . based on a contractual percentage of the outstanding unpaid principal balance and
4 were recognized into revenue as the related mortgage payments were received. Loan servicing
5 expenses were charged to operations as incurred”

6 12. On or around February 15, 2018, AmeriPro filed on NMLS its Mortgage Call Report
7 for the fourth quarter of 2017 disclosing that it had serviced 10 loans in California in 2017.

8 13. On or around April 23, 2018, the Department notified AmeriPro of its findings in the
9 2017 Regulatory Exam and directed AmeriPro to respond by no later than May 14, 2018. AmeriPro
10 failed to respond by the deadline. On or around May 21, 2018, the Department extended the
11 deadline for AmeriPro to respond until no later than June 11, 2018. AmeriPro again failed to
12 respond by the extended deadline of June 11, 2018.

13 14. On or around May 18, 2018, the Department received a Notice of Cancellation
14 and/or Termination from The Ohio Casualty Insurance Company stating that on March 21, 2018,
15 Ameripro’s surety bond number 404012744 was cancelled due to nonpayment of the premium. On
16 or around July 23, 2018, the Department notified AmeriPro by creating a license item on NMLS
17 that failure to file a new replacement surety bond may result in an order to discontinue any new
18 lending or servicing activities.

19 15. To date, AmeriPro has failed to file a new replacement surety bond, in violation of
20 Financial Code section 50205, subdivisions (a) and (b).

21 16. On or around May 25, 2018, AmeriPro submitted a request to surrender its
22 residential lender license under the CRMLA. However, AmeriPro failed to resolve at least 11
23 outstanding license items posted on NMLS and failed to meet all the requirements for surrendering
24 its license. Therefore, Ameripro’s request to surrender has not been accepted.

25 17. On or around July 3, 2018, AmeriPro’s Vice President of Loan Servicing and
26 Licensing stated in an email to the Department that AmeriPro had ceased operations and did not
27 have the resources to provide a response to the Department’s findings in the 2017 Regulatory
28 Exam.

1 residential mortgage loans or servicing residential mortgage loans, or both
2 . . .

3 (q) “Mortgage servicer” or “residential mortgage loan servicer” means a
4 person that (1) is an approved servicer for the Federal Housing
5 Administration, Veterans Administration, Farmers Home Administration,
6 Government National Mortgage Association, Federal National Mortgage
7 Association, or Federal Home Loan Mortgage Corporation, and (2)
8 directly services or **offers to service mortgage loans** . . .

9 (x) “Service” or “servicing” means receiving more than three installment
10 payments of principal, interest, or other amounts placed in escrow,
11 pursuant to the terms of a mortgage loan and performing services by a
12 licensee relating to that receipt or the enforcement of its receipt, on behalf
13 of the holder of the note evidencing that loan (Emphasis added.)

14 23. Financial Code section 50205, subdivisions (a) and (b) provide, in relevant part:

15 (a) A residential mortgage lender or servicer licensee shall maintain a
16 surety bond in accordance with this subdivision. The bond shall be used
17 for the recovery of expenses, fines, and fees levied by the commissioner in
18 accordance with this division or for losses or damages incurred by
19 borrowers or consumers as the result of a licensee’s noncompliance with
20 the requirements of this division . . . An original surety bond, including
21 any and all riders and endorsements executed subsequent to the effective
22 date of the bond, shall be filed with the commissioner within 10 days of its
23 execution.

24 (b) When an action is commenced on a licensee’s bond, the commissioner
25 may require the filing of a new bond. Immediately upon the recovery of an
26 action on the bond, the licensee shall file a new bond. Failure to file a new
27 bond within 10 days of the recovery on a bond, or within 10 days after
28 notification by the commissioner that a new bond is required, constitutes
sufficient grounds for the suspension or revocation of the license.

29 24. Financial Code section 50326 provides:

30 If any licensee fails to do any of the following, the licensee shall forfeit to
31 the people of the state a sum of up to one hundred dollars (\$100) for every
32 day up to the 10th day: (a) **to make any report required by law or by**
33 **the commissioner within 10 days from the day designated for the**
34 **making of the report, or within any extension of time granted by the**
35 **commissioner**, or (b) fails to include therein any matter required by law or
36 by the commissioner. **Thereafter, any failure shall constitute grounds**
37 **for the suspension or revocation** of the license held by the residential
38 mortgage lender or residential mortgage loan servicer. (Emphasis added.)

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25. Financial Code section 50401 provides in relevant part:

(a) In addition to other fees and reimbursements required to be paid under this division, each residential mortgage lender or servicer licensee shall pay to the commissioner an amount equal to the lesser of: (1) its pro rata share of all costs and expenses (including overhead and the maintenance of a prudent reserve not to exceed 90 days' costs and expenses) that the commissioner reasonably expects to incur in the current fiscal year in the administration of this division and not otherwise recovered by the commissioner under this division or from the State Corporations Fund, plus a deficit or less a surplus actually incurred during the prior fiscal year; or (2) five thousand dollars (\$5,000) . . .

In order for the commissioner to calculate the assessment under this section, each licensee shall file an annual report for the calendar year just ended containing the information required by the commissioner on or before March 1 of the year in which the assessment is to be calculated . . .

26. Financial Code section 50327 provides:

(a) The commissioner may, after notice and a reasonable opportunity to be heard, deny, decline to renew, suspend, or **revoke** any license if the commissioner finds that:

(1) The licensee has violated **any provision of this division** or any rule or order of the commissioner thereunder.

(2) Any fact or condition exists that, if it had existed at the time of the original application for the license, reasonably would have warranted the commissioner in refusing to issue the license originally.

(b) The power of investigation and examination by the commissioner is not terminated by the denial, nonrenewal, surrender, suspension, or revocation of any license issued by him or her. (Emphasis added.)

27. Financial Code section 50311 provides:

Nothing in this law shall preclude a person whose license has been suspended or revoked, summarily or otherwise, from making a residential mortgage loan pursuant to a commitment issued by that person prior to the suspension or revocation. A prospective borrower who received a commitment issued by a person whose license has been suspended or revoked may, prior to the closing of the loan, terminate the commitment and receive a refund of all money paid to that person.

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IV.
Prayer

The Commissioner finds that, by reason of the foregoing, AmeriPro Funding, Inc., d.b.a. AmeriPro Home Loans, a.k.a. Hello Mortgage, Inc. has violated Financial Code sections 50002, subdivision (a), 50326, 50205, subdivisions (a) and (b), and 50401, subdivision (a), and based thereon, grounds exist to revoke the residential mortgage lender license of AmeriPro Funding, Inc., d.b.a. AmeriPro Home Loans a.k.a. Hello Mortgage, Inc. pursuant to Financial Code section 50327.

WHEREFORE, IT IS PRAYED that:

Under Financial Code sections 50327, the residential mortgage lender license of AmeriPro Funding, Inc., d.b.a. AmeriPro Home Loans, a.k.a. Hello Mortgage, Inc. be revoked, and, pursuant to Financial Code section 50311, AmeriPro Funding, Inc., d.b.a. AmeriPro Home Loans, a.k.a. Hello Mortgage, Inc. be given a transition period of sixty (60) days within which to complete any loans for which it had prior commitments.

Dated: December 11, 2018
Los Angeles, California

JAN LYNN OWEN
Commissioner of Business Oversight

By _____
SOPHIA C. KIM
Senior Counsel
Enforcement Division